

1 **UNITED STATES DISTRICT COURT**

2 **DISTRICT OF NEVADA**

3 American Contractors Indemnity Company,

Case No.: 2:19-cv-00148-JAD-BNW

4 Plaintiff

5 v.

6 Jennifer Sailsbery; Silver State Mechanical,
7 Inc.; Plumbrix, Inc.; and Jennifer Sue
Sailsbery as Trustee of the Sailsbery Asset
Protection Trust,

8 Defendants
9

Order

[ECF Nos. 23, 39]

10 On March 12, 2020, defendant Jennifer Sailsbery filed notice that, six days earlier, she
11 had filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code with the U.S.
12 Bankruptcy Court for the District of Utah.¹ The filing of a petition for relief under the
13 Bankruptcy Code commences a bankruptcy case and creates a bankruptcy estate that “is
14 protected by an automatic stay of actions by all entities to collect or recover on claims.”² “The
15 automatic stay is self-executing, effective upon the filing of the bankruptcy petition.”³ “The
16 scope of the stay is quite broad.”⁴ “It applies to almost any type of formal or informal action
17 against the debtor or property of the estate.”⁵ “Any continuation of a collection action against
18 the debtor or property of the estate after a bankruptcy filing constitutes a violation of the stay.”⁶

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20 ¹ ECF No. 41.

21 ² *Burton v. Infinity Capital Mgmt.*, 862 F.3d 740, 746 (9th Cir. 2017) (citing 11 U.S.C. § 362(a)).

22 ³ *Id.* (quotation omitted).

23 ⁴ *Id.* (brackets and quotation omitted).

⁵ *Id.* at 746–47 (quotation omitted).

⁶ *Id.* at 747.

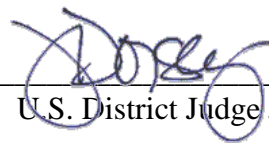
1 “Indeed, the Bankruptcy Code requires parties to automatically dismiss or stay such
2 proceeding.”⁷

3 American Contractors Indemnity Company’s (ACIC) claims against Sailsbery have been
4 automatically stayed by operation of her bankruptcy petition and 11 U.S.C. § 362(a). It is not
5 clear on this record whether the stay also applies to ACIC’s claims against Sailsbery in her
6 capacity as trustee of the Sailsbery Asset Protection Trust. Although it appears that the stay does
7 not extend to ACIC’s claims against non-debtor defendants Silver State Mechanical, Inc. and
8 Plumbrix, Inc. What is clear is that Sailsbery’s bankruptcy affects ACIC’s pending motions and
9 how this case may proceed. To accommodate this change and give ACIC time to marshal its
10 thoughts,

11 IT IS HEREBY ORDERED that American Contractors Indemnity Company’s Motion for
12 Partial Summary Judgment [ECF No. 23] and Motion to Strike Answer to Complaint [ECF No.
13 39] are **DENIED without prejudice** to ACIC’s ability to later reurge such relief.

14 IT IS FURTHER ORDERED that the determination on Magistrate Judge Weksler’s
15 Order to Show Cause [ECF No. 40] is **HELD IN ABEYANCE** pending further court order.

16 IT IS FURTHER ORDERED that American Contractors Indemnity Company must file a
17 brief by **April 30, 2020**, informing the court how it intends to proceed in this case in light of
18 Sailsbery’s bankruptcy. The brief must not exceed five pages without prior court approval.

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U.S. District Judge Jennifer A. Dorsey
March 30, 2020

⁷ *Id.* (quotation omitted).